



DINI SPHERIS

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# Resources for Navigating COVID-19

## Asking in a Crisis

Over the last few years – through both local and global disasters, like the Great Recession, the F-5 Tornado of Joplin, Missouri, and Hurricanes Katrina, Sandy, and Harvey – we have learned much about fundraising in times of crisis. While we have never seen a trifecta like what we have today – with COVID-19, the market fall and the oil and gas price collapse at the same time – we know that each crisis is a disruptive event that forces us to rethink the way we ask for support. First comes the shock: something is wrong; then the listening: how far does the damage go? These stages are followed by the planning: mapping a course of action. It is only after this that we can return to the ask: will you help? Sometimes, this movement happens in days, while at other times it takes weeks. The return to the business of asking is important, but it

cannot be business as usual. In this new, crisis-laden circumstance, confidence and authenticity are of paramount importance, for few tolerate less in the wake of a crisis. Many, however, will listen to those with an authentic vision for moving forward.

By authentic, we mean a rationale and narrative based on the institutional mission and core values. We have discovered over the years that giving does not end in the midst of a crisis; it shifts, becomes more focused, and often grows. Giving shifts, as to be expected, to those immediate helping agencies – the food banks, social service agencies, healthcare providers – and becomes more focused on those agencies that are the great loves of an individual donor. Those agencies that remain true to their core values in a crisis will be rewarded by their loyal supporters. Giving grows as donors seek to find ways to have a genuine impact on the agencies they value, across the sectors (arts and culture, healthcare and medicine, education, human services, wildlife and nature, professional organizations, etc.).

To secure gifts during a crisis, it is important to ask with transparency, clarity and conviction. Donors will respond if we can say, “During this difficult time, we have considered our mission and core values, and are focusing our fundraising on x,y,z; we are asking for your help.” In surveys conducted by Dini Spheris during the Great Recession, major donors told us that mission focus remains a primary concern during and after disasters. What causes donors to lose confidence is when there is a sense of mission drift as agencies and institutions take on roles that are beyond their fundamental values and competencies. In a crisis, donors look to their favored institutions to be faithful stewards of the missions with which they have identified for years.

So, continue to ask, but as you do so keep a clear focus on core purpose and core values. By staying true to your mission and vision, you will find the strength, commitment, and resilience to respond to the current crisis, and maintain the trust of donors so that you can count on their support now, and in the future.

*Larry A. Vaclavik*  
*Managing Principal, Dini Spheris*

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## Client Success Story



Our client, Texas Biomed, has been on the cutting edge of innovation and medical solutions since 1941. Last week, they raised \$3 million to expedite COVID-19 therapies and vaccines.

*“Texas Biomed partners with researchers and institutions around the world to develop vaccines and therapeutics against viral pathogens causing AIDS, hepatitis, hemorrhagic fever, tuberculosis and parasitic diseases responsible for malaria and schistosomiasis disease.”*

In a recent press release, Dr. Larry Schlesinger, Professor, President and CEO of Texas Biomed explained, “... science is often slowed by red tape. I am proud that Texas Biomed is agile, nimble and quick-to-action as an independent institution. This flexibility allowed us to prioritize regulatory and approval processes, and with the help of our funding partners, start the research faster.”

Learn more about Texas Biomed [here](#).

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## Decoding the CARES Act

### Blazek & Vetterling

#### OVERVIEW:

With the recent passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), many clients are exploring how this new legislation can impact their overall operations and financial position. We wanted to share a brief Q&A from our respected friends at CPA firm [Blazek & Vetterling](#). For a broader discussion of the Act, [click here](#) for their full analysis. Know we will continue to keep our community updated as we hear new developments.

#### **Is my organization eligible?**

Small businesses (those with less than 500 employees), including 501(c)(3) organizations generally are eligible. Other types of tax-exempt organizations are not eligible for the PPLP.

**Should we apply for a loan under PPLP?**

You should strongly consider it. The application process looks like it will be relatively straightforward, and any portion of your loan that is not forgiven can be repaid over 2 years without penalty.

**Will the PPLP loan be forgiven?**

For most borrowers, most of the loan is likely to be forgiven.

**Where do we apply?**

Through a bank. Start with your current banker.

**Will the funds run out?**

There is \$349 billion appropriated for these loans, which is a lot of money, but interest in these loans appears to be very high. If you plan to apply, you should do so as early as possible.

**My organization already laid people off. Can we still have our loan forgiven?**

Probably. PPLP contains provisions for rehiring your employees and maintaining eligibility to have the loan forgiven.

**Major provisions of the PPLP:**

- Administered by the Small Business Administration and available to employers with fewer than 500 employees, including organizations exempt under IRS Section 501(c)(3). In order to qualify, organizations must have been operating on 2/15/2020.
- Loans to be issued by numerous national and local financial institutions – organizations likely will be able to apply with their current bank.
- Amount of loan is based upon 2.5 months of average payroll, limited to \$10,000,000. Does not include annual salary in excess of \$100,000 for individual employees.
- No collateral or personal guarantee required.
- Loan terms – 0.5% interest rate; first 6 months of payments (principal and interest) automatically deferred; 2-year term.
- Loan Forgiveness – amounts the organization spends on payroll costs, rent or mortgage, and utilities during the first 8 weeks after origination will be forgiven.

- Forgiveness is reduced if the organization: reduces workforce, reduces wages of employees by more than 25%, and by amounts for which the organization already utilized other related employer relief programs.



#### TAX DEDUCTIONS:

Another section of the CARES Act that we are investigating closely is the relaxation of restrictions on charitable tax deductions. From our understanding, these were included in the legislation to incentivize charitable giving this year.

We would be the first to say that tax deductions do not drive all giving – *but they can influence it*. As we navigate these changing times, we want to be sure our community is knowledgeable about updates to current policy. These include:

- In 2020, individual taxpayers who do not itemize will be eligible to claim up to \$300 in charitable contributions as a deduction
  - Cash contribution limits have been raised for gifts to public charities (though not to donor advised funds or supporting organizations):
    - Individual taxpayers are now subject to a limit of 100% of AGI (up from 60%)
    - Corporations are now subject to a limit of 25% of pretax income (up from 10%)
    - Food inventory contributions are now subject to a limit of 25% of pretax income (up from 15%)
    - Excess contributions may be carried over
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## News You Can Use

Right now, one of the most critical steps you should take is **talking to your top donors – about their priorities, your stories and successes, and how you are confidently responding to new challenges.** As you visit with your individual and corporate stakeholders, consider recommending they speak with their financial advisers about how to take advantage of these 2020 changes. Specifically, they might consider how this could help them maximize their impact, time gifts, and manage their pledge payments and schedules. And for your email communications, you might also include language like: “As you are determining how to support [your organization], consider how changes from the recent CARES Act might shape your giving including [insert the bullets above].”

As new opportunities arise, know we are your partners in creative thinking and strategies. We will keep you updated as we innovate and discover new best practices.

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## We Are Here to Help



Dini Spheris is offering 30-minute discussions with our consultants at no charge for nonprofit professionals in need of assistance as they navigate the COVID-19 pandemic.

Please contact us at [info@dinispheris.com](mailto:info@dinispheris.com) if you would like to schedule a conversation.

Stay safe and do not hesitate to reach out to us at any point.

Connect with us:   

 [Forward to a Friend](#)